

The complaint

Mr L complains that Kroo Bank Ltd has declined to refund a payment he says he didn't authorise.

What happened

Mr L has explained that he was interested in trading, and after seeing an advert on social media he signed up to a website. Mr L was contacted by an adviser, who he now believes was a scammer. He made a payment of £500 from an account he held with another provider which appeared to make a profit. The scammer also recommended Mr L open an account with Kroo, and in March 2024 he transferred £2,000 to his new account with Kroo.

Shortly after Mr L deposited these funds in his Kroo account, a payment for £1,998.37 was made from the account. Mr L says he didn't authorise this payment and doesn't recognise the beneficiary – he's asked Kroo Bank to reimburse him.

Kroo Bank declined to refund the payment; it said it had contacted Mr L multiple times about the payment at the time and didn't hear back from him until over two months later when it issued him with notice to close the account. It says Mr L fell victim to an investment scam and initially told them he had transferred the funds to a trading platform.

When Mr L complained to our service, the investigator upheld the complaint. In summary they said they hadn't received all the information they needed from Kroo Bank and so it hadn't shown our service that the payment was authorised.

Kroo didn't respond to the investigator, and so the matter was passed to me for a decision by an ombudsman. I requested further information from both parties.

Mr L responded that he initially invested £500 and was told this had generated over £4,000 in a few weeks, but he insists he declined to invest more funds at the time. He says he downloaded remote access software and that he thinks that's how the scammer made the payment and that they are who messaged Kroo on 27 May 2024.

Kroo provided evidence of the activity on Mr L's account including the disputed payment, and details of the only device registered to Mr L's account.

I issued my provisional decision on 24 March 2025 - in summary I said I thought it was more likely than not that Mr L had authorised the payment as part of a scam and that I didn't think Kroo needed to do more in the circumstances. I also said I thought the £100 compensation Kroo had offered to pay Mr L was fair in the circumstances.

Kroo accepted my provisional decision, but Mr L disagreed; he responded with the following points:

- That he has been referred to as the scammer and I've reached a different outcome without material new information.
- The police believe his mobile device may have been compromised.

- The transfer happened very quickly after the account was opened.
- Kroo owes him a duty of care and could have refused the transfer.
- He asked why it has been described as a scam if the payment was authorised.
- He asked why Kroo had sent him a debit card if it thought the payment was a scam.
- He asked questions about what we know about the parties involved such as the broker, the company he initially paid and the company the disputed payment is to.
- He also provided a copy of correspondence he'd had with Kroo and the aforementioned parties.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Having done so, I think the offer Kroo has made is fair and I'm not requiring it to reimburse Mr L. I'll explain why.

As Mr L is saying the disputed payment is unauthorised, the relevant law here is the Payment Services Regulations 2017. The starting point is that Mr L is responsible for payments that he authorised, and that subject to certain considerations, Kroo should refund unauthorised payments. So, I'll address the issue of whether I think it would be fair to treat this payment as authorised first.

For clarity, our service is an informal one – we settle complaints between consumers and businesses who provide financial services. It isn't our role to undertake a criminal investigation and so I don't have additional information about the broker he dealt with or the merchants that Mr L paid. Rather, we make our findings on the information and evidence available at the time.

Where evidence is incomplete or contradictory, I need to make a finding on the balance of probabilities and conclude what I think is more likely than not to have happened on the evidence available.

I appreciate I have reached a different conclusion to the investigator, and that this is disappointing to Mr L, but I have set out the new information I have been provided with and my reasoning. Mr L has had the opportunity to respond to this and I have considered his further points.

Is it fair for Kroo to treat the payment as authorised?

I understand Mr L says that he didn't make or allow anyone else to make a payment from his Kroo account, but I'm not persuaded that this was the case. On balance, I think it's more likely that he authorised the payment – I've concluded this for the following reasons:

- I accept that Mr L may well have been the victim of an investment scam based on what he has told us. As it was the same person Mr L was speaking to about the investment as who recommended opening the Kroo account, and helped him do so, it's likely these are connected.
- The payment was made using the only device added to Mr L's account, and Mr L accepts he created the account with help from the scammer.
- Mr L has provided some of his chats with the scammer. The disputed payment took place on 19 March 2024, and on 20 March 2024 the scammer sent Mr L a message saying, "*your money arrived check you trading account*". Over the next few weeks, they continued to message about trading and arranging to speak. I think the timing of this message indicates that the disputed payment was related to the investment and

that Mr L was aware of it at the time.

- When Kroo attempted to contact Mr L about the payment on multiple occasions in March and April 2024, he didn't respond or question that a payment had been made from his account.
- On 27 May 2024 Kroo issued a notice to close Mr L's account. That day Kroo received a message that appeared to come from Mr L saying, *"I opened this account to help my online trading and I would be happy if you could help me retrieve monies that I transferred to the trading platform."* Again, this suggests Mr L made the payment. I appreciate Mr L says he didn't send this message, but I think it's unlikely that a scammer would ask Kroo to try to retrieve the money sent to them or want to raise suspicion on themselves. So, I think it's more likely than not that he did send this message.
- In June 2024, Mr L told Kroo that the scammer recommended he open an account with Kroo because it was investment friendly. This would also indicate that Mr L had intended on using this account to send funds as part of the scam. While Mr L has since told us a different reason for opening the account – that it yielded better interest than high street banks, this would make less sense as I note he didn't open a savings account with Kroo.
- I understand Mr L says the scammer had remote access to his device, and so it's possible they made the payment. But for the reasons I've explained I think it's more likely that Mr L authorised the payment.
- Mr L says the police believe his mobile device may have been compromised, and I accept this may be the case as he's confirmed he gave the scammer remote access to his device. But this is different from the question of whether the payment was authorised which I have made a finding on. I've explained above why I don't think the scammer made the payment on Mr L's device without his knowledge.

Is there any other reason it would be fair for Kroo to reimburse Mr L?

- Mr L says Kroo owes him a duty of care and could have refused the transfer.
- Having taken into account longstanding regulatory expectations and requirements, and what I consider to be good industry practice, Kroo ought to have been on the look-out for the possibility of fraud and made additional checks before processing payments in some circumstances. Kroo needed to balance this with its obligation to follow Mr L's instructions and make payments promptly.
- As this was a new account, there was no activity for Kroo to compare the payment to. Considering when the disputed payment was made, its value and type, I'm not persuaded Kroo ought to have found the payment suspicious, such that it ought to have made enquiries of Mr L before processing it.
- I appreciate the payment was made shortly after the account was opened / credited but I wouldn't expect this, alone, to establish that Mr L was at a heightened risk of fraud such that Kroo ought to have intervened.
- Kroo has confirmed its concerns materialised after the payment was processed at which point it tried to contact Mr L multiple times. Mr L has questioned why Kroo sent him a debit card given its concerns and the account activity – while I note that at this stage Kroo didn't know whether Mr L had or hadn't been the victim of a scam and was contacting him for further information, I don't think I need to make a finding on whether it was reasonable for Kroo to send Mr L a debit card in the circumstances. This is because Mr L is not disputing any payments made using the debit card and this activity occurred after the payment he is disputing was made, so it isn't relevant to the payment he is disputing or his loss.
- I don't think the correspondence Mr L has provided demonstrates that he didn't authorise or know about the payment at the time. He references being pressured into investing, and it's only a couple of months after the payment that he says that a

payment was taken without his consent.

Could Kroo have recovered Mr L's loss?

- While Kroo appear to have referred to a debit card payment in its response to Mr L, its records indicate the disputed payment was a faster payment. I've considered whether Kroo ought to have attempted to recover Mr L's funds, and I think it ought to have done so once it was aware that Mr L was disputing the payment. However, given the time that passed between the payment and any indication from Mr L that he was unhappy with the payment was over two months, I think it's unlikely that his funds would have been recoverable. This is because scammers tend to move funds quickly and so the chances of funds being recoverable reduces dramatically after the first 24 hours.

For clarity, I haven't concluded that Mr L is a scammer. I have explained above that I accept he is likely the victim of a scam – but if someone is tricked into making a payment as part of a scam, this doesn't mean the payment is unauthorised.

So, for the reasons explained, I don't think Kroo needs to reimburse Mr L the disputed payment. I note that Kroo has offered to pay Mr L £100 compensation for the delay in dealing with his fraud claim. I think this is fair as there has been some delay in addressing the matter. But as I don't think Kroo has made a mistake in allowing the payment or in not refunding it, I'm not making an award for the impact on Mr L of being without the funds.

My final decision

My final decision is that Kroo Bank Ltd's offer to pay Mr L £100 is a fair way to resolve this complaint. And that it should pay this to Mr L if it hasn't already done so.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr L to accept or reject my decision before 12 May 2025.

Stephanie Mitchell
Ombudsman